



**Public Service Commission of South Carolina**

**Accountability Report**

**Fiscal Year 2003-2004**

## **Section I – Executive Summary**

A major achievement of the Public Service Commission was the implementation of a Universal Service Fund as mandated in the South Carolina Telecommunications Act of 1996. This fund ensures that telecommunications service will be provided to South Carolinians living in high-cost and rural areas. The Commission also determined the allowable costs for operating the low-level radioactive waste disposal site in Barnwell. Revenues collected above the allowable costs will support education in South Carolina. Major achievements also occurred in upgrading our information systems. Improvements were made to the Docket Management System that provides an electronic data base for Commission dockets. These improvements provide better and quicker access to this information. Efforts are currently being made to allow the public to electronically access this information. A customer complaint tracking system was developed for the Consumer Services Department. This system provides for better tracking of complaints and for analysis of trends. The entire information system of the Commission is in the process of being upgraded to a new, more efficient network and new, more efficient work stations.

The mission of the Public Service Commission is "...to carry out the regulatory functions and responsibilities set forth for it by the laws and policies of the State of South Carolina pertaining to the utility and transportation companies through a dynamic and proactive regulatory process reflecting the increased competitive nature of the companies within the nation and this State while seeking to best serve the needs of all the citizens of the State and also while encouraging a sense of satisfaction and accomplishment for employees." The Commission must balance the interests of the companies over which it has jurisdiction with the interests of the consumers. Such a balancing of interest requires high quality analyses and detailed knowledge of issues by the Commissioners and staff. Because the Commissioners and staff must utilize confidential and sensitive information, Commissioners and staff must exhibit a high level of integrity to earn and maintain the level of trust and respect from all constituents that is necessary to fulfill the responsibilities of the Commission. Commission employees must also have compassion if they are to effectively assist complainants in solving problems.

As the utility industry becomes more competitive and more technology oriented, a higher level of technological knowledge and abilities is required of Commission employees. This technical knowledge must extend to the operations of the companies regulated by the Commission. Obtaining and maintaining the required technical knowledge and skills will be a challenge. Current employees receive training both internally and from outside organizations. Web-based training programs are being explored by the Information Systems Department. New employees will be required to have technical skills as a condition of employment. Obtaining the detailed technical knowledge of specific companies and industries is accomplished through meetings, seminars, hearings, presentations, reading, and, most importantly, frequent interaction with the companies and other parties.

The utility regulatory environment is no longer the static traditional return-on-rate base environment of the past. Rapidly changing technology combined with Federal and State statutes that are transforming the utility industry from monopoly to competition create a dynamic environment. The Commission needs highly-trained employees and

flexibility to function in this environment. Resulting from the passage of ACT 175 of 2004, the on going operations of and the mission of the Public Service Commission of South Carolina will change. These and the impacts will be discussed fully in the 2004-2005 Annual Accountability Report.

## Section II – Business Overview

The Public Service Commission is an other funded regulatory agency consisting of 88 employees. Its offices are located in the first floor of the Saluda Building in the Synergy Business Park in Lexington County. The street mailing address is 101 Executive Center Drive, Suite 100, Columbia, SC 29210.

Actual expenditures for fiscal years 2002-2003, 2003-2004 and Appropriations for 2004-2005 (as reallocated by Oversight Committee) are shown in the following table. The utilities regulated by the Public Service Commission are assessed to provide funding for the Commission.

	<b>FY 02-03 Actual Expenditures</b>		<b>FY 03-04 Actual Expenditures</b>		<b>FY 04-05 Appropriations Act</b>	
<b>Major Budget Categories</b>	<b>Total Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>	<b>Other Funds</b>
Personal Service	3,793,250	3,793,250	4,046,516	4,046,516	3,042,834	3,042,834
Other Operating	1,473,620	1,473,620	1,765,199	1,765,199	1,777,094	1,777,094
Special Items	0	0	0	0	0	0
Permanent Improvements	0	0	0	0	0	0
Case Services	0	0	0	0	0	0
Distributions to Subdivisions	0	0	0	0	0	0
Fringe Benefits	1,022,480	1,022,480	1,087,943	1,087,943	791,137	791,137
Non-recurring	0	0	0	0	0	0
Total	6,289,350	6,289,350	6,899,658	6,899,658	5,611,065	5,611,065

### Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 02-03 Budget Expenditures	FY 03-04 Budget Expenditures	Key Cross References for Financial Results*
Utilities Department	Seek to ensure that the citizens of the State receive appropriate levels of customer satisfaction and quality of service for those services provided through the entities regulated by this Commission	State: 1,103,925 Federal: Other: Total: % of Total Budget: 18%	State: 968,469 Federal: Other: Total: % of Total Budget: 14%	Page(s) 10-13 Performance Measures
Legal Department	The Legal Department exists to reduce to writing the oral decisions of the Commission, while representing the Commission Staff in proceedings before the Commission.	State: 345,602 Federal: Other: Total: % of Total Budget: 5%	State: 409,104 Federal: Other: Total: % of Total Budget: 6%	Page(s) 28 Performance Measures
Audit Department	The Department will analyze and review; testify, communicate information; aid and assist the Commissioners, Commission Staff and the public regarding regulatory issues which have the potential to impact the public.	State: 659,740 Federal: Other: Total: % of Total Budget: 10%	State: 696,645 Federal: Other: Total: % of Total Budget: 10%	Page(s) 22-23 Performance Measures
Transportation Department	To minimize the unauthorized "for hire" use of motor vehicles on the public highways of this state.	State: 729,093 Federal: Other: Total: % of Total Budget: 12%	State: 716,789 Federal: Other: Total: % of Total Budget: 10%	Page(s) 20-23 Performance Measures
Consumer Services Department	The Consumer Services Department's goal is to provide customer service to consumers with complaints and inquiries involving the utility and transportation companies regulated by the Commission.	State: 271,543 Federal: Other: Total: % of Total Budget: 4%	State: 276,633 Federal: Other: Total: % of Total Budget: 4%	Page(s) 14-19 Performance Measures

**Below: List any programs not included above and show the remainder of expenditures by source of funds.**

Research Department = \$169,279, Information Services=\$244,978

<b>Remainder of Expenditures:</b>	State: 2,916,401 Federal: Other: Total: % of Total Budget: 46%	State: 3,417,821 Federal: Other: Total: % of Total Budget: 49%
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\* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

As a regulatory agency, the key customers of the Public Service Commission are the utilities subject to the jurisdiction of the Commission and the public who are served by these regulated utilities. The Commission has jurisdiction over four electric utilities, three natural gas utilities, one-thousand nine hundred and forty-nine telecommunication utilities, and sixty-two water/wastewater utilities. The Public Service Commission also serves the South Carolina Legislature as a source of information concerning utility regulatory issues. During fiscal year 2000-2001, the Legislature mandated that the Commission determine the allowable costs for operating the low-level radioactive waste disposal site in Barnwell. The Public Service Commission also develops emergency energy plans and staffs the Energy Emergency Service Function at the Emergency Operations Center during emergencies such as hurricanes and floods.

Although the Public Service Commission is an other funded agency, it is subject to the State purchasing requirements. Dell won the contract to provide computers to the Commission. The Office of Information Resources provides telecommunications service to the Commission.

The statutory mandate of the Public Service Commission is to balance the interests of the regulated utilities and the ratepayers to ensure that the rates charged by the utilities are just and reasonable. The Commission also ensures that service quality standards are maintained and that utility customers are treated fairly. Since the passage of the Telecommunications Act in 1996, the Commission gained the added responsibility of

ensuring that the incumbent local exchange carriers open their markets to competitors on nondiscriminatory terms. As a result of State legislation, the Commission is the administrator of the Interim Local Exchange Carrier Fund, the State Universal Service Fund, the regulation and promotion of the statewide program to provide telephone access to persons who are speech or hearing impaired and the Commission's responsibility is to monitor the contract and collect data on the equipment being distributed to the functionally impaired citizens of South Carolina through the SC Telephone Equipment distribution program as administered by the South Carolina Association of the Deaf (SCAD). On February 15, 2003, the South Carolina School for the Deaf and Blind began administering the Telephone Equipment Distribution Program (TEDP).

Commission determinations generally take the form of orders after public hearings are held. The Commissioners make their determinations in weekly public meetings. Complaint resolutions may require hearings, but complaint hearings are held only after Commission attempts to resolve complaints among the parties are unsuccessful. The Commission also regulates the "for hire" hauling of passengers, household goods, and hazardous waste. It also promotes safety through railroad inspections and natural gas pipeline inspections. During fiscal year 2003-2004, the Commission held 112 hearings and 62 Commission meetings, issued 635 orders, processed 4,592 complaints, and received 28,779 inquiries over the WATS line.

Beginning in 2004, the members of the Public Service Commission must be elected to staggered terms. In 2004, the members representing the second, fourth, and sixth congressional districts must be elected for terms ending on June 30, 2006, and until their successors are elected and qualify. Thereafter, members representing the second, fourth, and sixth congressional districts must be elected to terms of four years and until their successors are elected and qualify. In 2004, the members representing the first, third, and fifth congressional districts and the State-at-large must be elected for terms ending on June 30, 2008 and until their successors are elected and qualify. Thereafter, members representing the first, third, and fifth congressional districts and the State-at-large must be elected to terms of four years and until their successors are elected and qualify.

An Executive Director serving at the pleasure of the Commissioners, with the aid of a Deputy Executive Director, manages the day-to-day operations of the Commission. Eight departments perform the daily duties of the Commission: Administration, Audit, Consumer Services, Information Systems, Legal, Research, Transportation, and Utilities. All departments, except Administration, have a manager reporting directly to the Deputy Executive Director, who reports to the Executive Director. The Utilities Department is further divided into electric, gas, pipeline safety, telecommunications, and water/wastewater. Each of these is managed by a chief reporting to the Manager of Utilities. Beginning on January 1, 2005, the Commission will be restructured and some functions of the agency will be transferred to the Office of Regulatory Staff, as per Act 175, signed into law by the Governor in 2004.

### **Section III – Elements of Malcolm Baldrige Award Criteria**

#### **Leadership:**

Senior leadership is the crucial driver of direction, and monitoring performance excellence. From October 1998 until his retirement in October 2003 Gary Walsh was Executive Director of this agency. Effective January 1, 2003, his management team consists of a deputy executive director and seven managers who lead the eight Departments. The administrator of each of the departments provides leadership and direction to accomplish the vision, mission and action on the strategic issues important to the agency's success.

The agency's mission statement describes what regulatory functions and responsibilities are set forth for it by the laws and policies of the State of South Carolina. It is found in the executive Summary and the Strategic Planning discussion. Management led the process of achieving stated goals. Each of the goals enumerated below identifies the priorities against which we measure our progress.

1. Seek to ensure that the citizens of the State receive appropriate levels of customer satisfaction and quality of service for those services provided through the entities regulated by this Commission.
2. Seek to ensure that consumer problems, issues, and complaints are sufficiently monitored and addressed.
3. Seek to ensure that within a more competitive utility environment that core or captive customers with little market power are not unduly burdened with the costs of competition and are provided appropriate service and service options.
4. Seek to encourage innovation through the enhancement of Commission processes and the attainment of self-actualization by Commission employees through empowering these employees to carry out their responsibilities and rewarding them for their contribution to the attainment of Commission goals.
5. Seek to modify the organizational process of the Commission in such a manner as to provide for the incorporation of project teams to address specific complex short-term issues that arise as a result of the dynamic nature of the utility industry regulated by this Commission.
6. Provide an open, accessible and efficient regulatory process which is fair, cost effective and unbiased, while also exploring alternative methods of regulating the entities subject to the Commission's jurisdiction.
7. Seek to ensure that the regulatory process results in fair and reasonable outcomes.
8. Encourage efficiency, innovation, and technological growth among regulated entities.
9. For the regulated entities, facilitate the provision of safe services at levels of quality and reliability which satisfy customer needs.
10. Seek to ensure that all regulated entities' services to consumers comply with all legal requirements subject to the Commission's jurisdiction.

Our values represent our guiding principles about which we care most as we carry out our mission. Senior leadership not only models these beliefs, but also clearly and

consistently articulates these values throughout the organization. Our intent is to demonstrate these beliefs in all our dealings with the consumer and regulated utility. These values include: customer focus, equal treatment, integrity, continuous improvement, informed decision making, knowledge, teamwork, open communication, and recognition.

Our agency's belief is that the best way to serve the public and the regulated utilities is through a knowledgeable work force. Learning opportunities include training of employees in the use of computers and computer software to membership and participation in national forums such as the National Association of Regulatory Utility Commissioners (NARUC). Our agency through its membership and participation with organizations such as NARUC, South Eastern Association of Regulatory Commissions, American Gas Association, Federal Department of Transportation, Securities Exchange Commission, Federal Communication Commission, Federal Energy Regulatory Commission, Edison Electric Institute, American Institute of Certified Public Accountants, Financial Accounting Board, and the South Carolina Budget & Control Board learns and stays abreast of the dynamic and changing environment in which we work.

Our agency actively supports community groups, such as the United Way, the Good Health Appeal, the March-of-Dimes Walk, the Relay-for-Life Vigil, the Adopt-a-Highway program, Red Cross Blood Drives, Pennies for Tots, and a Commission Benevolent Fund. Our employees are active in the community educating the public to our goals and responsibilities.

### **Strategic Planning:**

The regulatory climate today is very dynamic and can be best addressed through a proactive regulatory process that reflects the increased competitive nature of the companies within the nation and this State while seeking to best serve the needs of all of the citizens of the State. To best serve the consumers of this State the agency developed a plan to address the creation and dissemination of consumer education information. This information addresses several issues affecting the consuming public today. Examples are the National Safe Water Drinking Act and the movement toward restructuring of the Electric Industry. The Public today is faced with a tremendous amount of energy and telecommunication options. Along with these many choices and/or options, our agency has implemented learning and training process to guide/assist customers in understanding their options and how their monthly bills/statements reflect this information. The methods for distributing information are discussed further in the Customer Focus discussion.

Commission participation in organizations such as NARUC and the Nuclear Waste Strategy Coalition helps to keep the Commission abreast of the ever increasing and ever changing critical issues faced by utility regulators. A major responsibility of the Research Department is to inform the Commissioners and Staff of current and emerging issues that could impact the regulatory environment and to assess the potential impacts on our jurisdictional utilities, the Commission, and the people of South Carolina.

Strategic Planning			
<b>Program Number and Title</b>	<b>Supported Agency Strategic Planning Goal/Objective</b>	<b>Related FY 03-04 Key Agency Action Plan/Initiative(s)</b>	<b>Key Cross References for Performance Measures</b>
Utilities Department	Seek to ensure that the citizens of the State receive appropriate levels of customer satisfaction and quality of service for those services provided through the entities regulated by this Commission	Implementation of State Statutes, Commission Orders and Compliance with Federal Pipeline Safety and Transportation Rules and Regulations and State Rules and Regulations	Page(s) 12-13 Performance Measures
Legal Department	The Legal Department exists to reduce to writing the oral decisions of the Commission, while representing the Commission Staff in proceedings before the Commission, and defending the Commission's positions and its Orders before the Courts, and providing legal information and assistance to the Commission Staff and other interested persons with regulatory matters.	To properly set out in writing the decisions of the Commission, provide appropriate consultation to the Commission Staff on all laws and regulations pertaining to the utility and transportation industries, keep a current knowledge as much as possible of such laws and regulations, provide representation to the Commission Staff in hearings before the Commission and provide representation of the Commission's positions before all State and Federal Courts.	Page(s) 30 Performance Measures
Audit Department	The Audit Department will analyze and review; testify, communicate information; aid and assist the Commissioners, Commission Staff and the public regarding current and evolving regulatory issues which have the potential to impact the public interest of the citizens of South Carolina.	Interact with regulated entities and all other stakeholders concerning new and emerging issues that will have an effect on regulation, obtain needed additional training and information from outside sources concerning new and emerging technical, accounting and policy issues.	Page(s) 24-25 Performance Measures
Transportation Department	To minimize the unauthorized "for hire" use of motor vehicles on the public highways of this state. To assist all "for hire" motor carriers in bringing their companies into compliance with the laws regulating the hauling "for hire" of passengers, household good and hazardous waste for disposal or any other item or article which falls under the purview of this Commission's authority. To carry out, support, encourage, develop, and enhance railroad safety through federal/state railroad safety programs.	To provide the state with a well-regulated and safe transportation system which can provide all needed transportation services at a reasonable cost and operate within the motor vehicle laws and the rules and regulations of this Commission. Conduct sufficient on-site inspections of railroad facilities to determine compliance with state and federal safety regulations.	Page(s) 22 Performance Measures
Consumer Services Department	The Consumer Services Department's goal is to provide exceptional customer service to consumers with complaints and inquiries involving the utility and transportation companies regulated by the Commission.	Consumer Services will investigate, mediate and resolve utility and transportation customer complaints and inquiries to accomplish the statutory requirements for the Public Service Commission. The department staff will also provide the public with consumer information and education on utility related issues.	Page(s) 16-20 Performance Measures
Information Systems	Provide technically advanced automation capabilities and support services to the Commissioners and all departments of the Commission.	Provide advanced technical consulting to users in the selection, installation and application of computer hardware and software and in the design of data networks, and web sites.	Page(s) 29 Performance Measures
Research Department	The Research Department conducts research; analyzes and reviews emerging issues; testifies in hearings; communicates information internally and externally; and provides assistance to the Commissioners, Commission Staff and the public regarding current and evolving regulatory issues which have the potential to impact the public interest of the citizens of South Carolina. The department also provides assistance to organizations, such as NARUC and SEARUC, addressing national issues of importance to state utility regulatory commissions. A reorganization of the Public Service Commission resulted in the dissolution of the Research Department in January 2004.	Provide policy input to the Commissioners regarding changing and evolving regulations in the electric, telecommunications, and natural gas industries. Interact to a greater extent with regulated entities and other stakeholders concerning emerging issues. Obtain additional training and information from external sources concerning emerging technical and policy issues. Interact to a greater extent with other PSC departments. Electronic interaction with external groups such as NARUC, NRRI, etc. Implement a Personal Computer information system for the Department.	Page(s) 26-27 Performance Measures

### Customer Focus:

Through our strategic planning, our customer and stakeholder groups have been identified as individuals and businesses acquiring the services provided by our regulated utilities, citizens of our State who would be affected by the unsafe operation of utility services, and utilities authorized to operate within our State. A variety of procedures are employed to determine customer needs and expectations.



These include:

- Workshops/Training classes
- Consumer Services Group
- Pipeline Safety group
- Publications/Public Service Announcements
- Formal Proceedings

To be proactive in assisting consumers, the staff is responsible for providing the public with consumer information and education on utility related issues. The Consumer Services Department staff receives and investigates consumer complaints and inquiries concerning the utility and transportation companies regulated by the Commission. As a result of deregulation of telecommunications, the department's role has expanded from primarily investigating and resolving complaints and inquiries to include initiating and testifying in proceedings on regulatory enforcement, identifying and monitoring complaint trends, and providing the public with consumer information and education on utility related issues. The staff identifies and monitors complaint trends, testifies in complaint and consumer related hearings, and advises the Commissioners and the public on evolving issues that may impact the public interest of the consumers and companies. To be proactive in assisting consumers, the staff is responsible for providing the public with consumer information and education on utility related issues. Through consumer outreach, information is provided to help consumers know their rights as a utility customer; to help consumers make informed and educated choices, such as, utility selection and vertical services; to help consumers realize the importance of understanding bill analysis; to help consumers know how to navigate through the complaint process and; to educate consumers to recognize fraud detection in marketing materials and sales pitches. As a result of the efforts of the Consumer Services Department, utility consumers are provided with information necessary to understand their rights and the process for submitting and resolving complaints; consumers are educated about changes in the utility industries and the services they provide; and telecommunications consumers are made aware of service programs available for low-income households.

In FY 2003-2004, the Consumer Services Department Staff recovered for consumers \$238,124.48 in credits and refunds through its investigation of 4,522 complaints and inquiries. Consumer services received and recorded in the CTS (Consumer Tracking System) 3,929 complaints, 593 inquiries, ninety-one (91) letters of correspondence addressed to the regulated utility companies and copied to the PSC; 183 consumer contacts referred to external entities. Of the 3,929 complaints and inquiries, zero (0) complaints proceeded to formal hearings before the Commission. The phone records for the department indicate that there were 28,779 WATS line (toll free) calls received from consumers within the state; and staff's manual log records indicate that there were 22,256 consumer calls received and referred to utility companies or local, municipal, state, and federal agencies. In response to consumer complaints and inquiries, the department staff conducted twenty-nine (29) meter tests and seven (7) on-site inspections of the utilities facilities serving consumers. Continued monitoring and evaluation of the CTS data management system resulted in the development of a more reliable and extensive data collection and reporting system. Through the improvements and expansive updates to the CTS, the agency can monitor, track and report complaint

trends to the Commission and staff regarding current and evolving regulatory issues that have the potential to impact the interest of the public and the companies. Upon evaluation of the consumer services department's needs, the staff investigators attended training on customer service excellence and on ex parte communication. Mediation training for staff has provided a new avenue for consumers with escalated complaints to resolve issues with utility companies. Overall, as a result of the goal and objections of the consumer services department, consumers are provided investigation, mediation and regulatory enforcement services to assist in the resolution of complaints and ensure that the companies are in compliance with of the requirements of the Public Service Commission's rules and regulations.

The Public Service Commission's responsibilities under S.C. Code Ann. Section 58-9-2530 is to establish, regulate and promote a statewide program to provide telephone access to persons who are speech or hearing impaired. All Local Exchange Carriers, including incumbent carriers and competitive carriers are billed .16 cents to each access line for the support of the dual party relay system. The Commission is responsible for monitoring this fund. The Commission monitors various pilot projects that were established through Memorandums of Understanding with the SC School of the Deaf and Blind, SC Senate, and the South Carolina Association of the Deaf, to ensure the deaf and hard of hearing citizens of South Carolina have equal telecommunications access in South Carolina. The Commission and Sprint, our SC Relay Provider, have a five (5) year contract which expires in 2007. On September 23, 2002, the Relay Call Center opened in Columbia, South Carolina. This is the eleventh (11<sup>th</sup>) Call Center in the Nation. Our Commission has the responsibility of monitoring, collecting data on the traffic and complaints for the Call Center. The Call Center averages a combined total of 54,000 intrastate and interstate relay calls per month. The Center averages 1,000 Speech to Speech calls per month.

On February 15, 2003, the South Carolina School for the Deaf and Blind began administering the Telephone Equipment Distribution Program (TEDP). The offices are located at the School's Outreach Office in Columbia, South Carolina. The Commission's responsibility is to monitor the contract and collect data on the equipment being distributed to the functionally impaired citizens of South Carolina. This is a five year contract with the option of one year renewals. Outreach efforts are continuous on all Relay programs.

Although the Commission is restricted to providing actual assistance to customers of our jurisdictional utilities, the Commissioners and Staff strive to provide assistance to all inquirers. In instances where the Commission does not have jurisdiction, the Commission makes every attempt to direct the inquirer to the appropriate local, State, or federal agency or to the appropriate company. The Commission often can direct the inquirer to the appropriate person in an organization. Such customer assistance can be provided because our employees consider their responsibilities to obtain knowledge of external sources that have responsibility for utility-related issues.

### **Information and Analysis:**

Each department has its own measures for evaluating the effectiveness of the department and its employees. Most processes are formalized and some are dictated by statute.

## **Utilities Department:**

**Program Costs:     \$769,252**

**Program Goals:** To fulfill the responsibilities of the Public Service Commission of South Carolina as provided for by the South Carolina Constitution and as vested with power and jurisdiction by the South Carolina General Assembly regarding electric, telecommunications, gas and water and wastewater utilities. To communicate information, and provide assistance to the Commissioners regarding current and evolving regulatory issues which have the potential to impact the public interest of the citizens of South Carolina.

### **Program Objectives:**

1. Interact to a greater extent with regulated entities and other stakeholders concerning emerging issues.
2. Obtain additional training and information from external sources concerning emerging technical and policy issues.
3. Interact with greater extent with other PSC departments.
4. Electronic interaction with external groups such as NARUC, NRRI, etc.

### **Priority Ranking:**

1. Fulfill the administrative responsibilities prior to a hearing such as noticing, assignment of filing deadlines and the preparation of the weekly agenda.
2. Provide Staff assistance in the hearings in the areas of distribution of all case documents and testimony, reading the Docket and the swearing in of witnesses.
3. Conduct audits and analysis and provide proficient reports and testimony within the hearing process for general rate cases, electric fuel cases, purchased gas cases, complaint cases, and other cases.
4. Research and monitor rate trends, industry changes, and cost methodologies in today's competitive environment and report these findings to the Commission.
5. Assist the Commission's Consumer Services Department with the resolution of consumer complaints from utility customers throughout the State.
6. Audit statewide utility offices to substantiate compliance with Commission's Rules and report these findings to both the Commission and the Commission's Consumer Services Department.
7. Provide assistance and data to other regulatory bodies, consultants, lawyers and inquiring citizens throughout the United States regarding recent Commission decisions and trends affecting ratepayers in South Carolina.
8. Fulfill the obligation as the oversight agency to implement and monitor the Telecommunications Relay Service for the State of S.C.

**Performance Measures:**

Workload Indicators (Projected 2004-2005):

<b>ELECTRIC</b>	
<b>4</b>	<b>Companies rated and reviewed</b>
<b>29</b>	<b>Compliance Audits statewide</b>

<b>GAS</b>	
<b>3</b>	<b>Companies rated and reviewed</b>
<b>37</b>	<b>Compliance Audits statewide</b>

<b>TELECOMMUNICATIONS</b>	
<b>26</b>	<b>Local Exchange Companies rated and serviced</b>
<b>205</b>	<b>Competitive Local Exchange Companies</b>
<b>1210</b>	<b>Payphone Service Providers (PSPs)</b>
<b>508</b>	<b>Inter-exchange Carriers</b>
<b>60</b>	<b>Facilities Inspections</b>
<b>11</b>	<b>Business Office Compliance Audits</b>

<b>WATER AND WASTEWATER</b>	
<b>62</b>	<b>Water and Wastewater Companies rated and serviced</b>
<b>50</b>	<b>Compliance Audits statewide</b>

**Efficiency Measures: (Actual 2003-2004)**

<b>ELECTRIC</b>	
<b>7</b>	<b>Hearings held</b>
<b>42</b>	<b>Orders issued</b>
<b>20</b>	<b>Compliance Audits completed</b>

<b>GAS</b>	
<b>6</b>	<b>Hearings held</b>
<b>17</b>	<b>Orders issued</b>
<b>23</b>	<b>Compliance Audits completed</b>

TELECOMMUNICATIONS	
65	Hearings held
266	Orders issued
57	Facility Inspections
6	Business Office Compliance Audits
655	Tariff Revisions Processed
129	Interconnection or Resale Agreements
363	Telecommunications Tariff Promotions

WATER AND WASTEWATER	
11	Hearings held
36	Orders issued
54	Compliance Audits completed

**Outcomes:** The audits identified twenty-five (25) non-compliances of Commission rules, regulations, and tariffs. The companies were notified and corrective action was taken with the exception of one that is being addressed by DHEC. The South Carolina Telephone Equipment distribution program is administered by the South Carolina School for the Deaf and Blind (SCSDB). The Commission's responsibility is to monitor the contract and collect data on the equipment being distributed to the functionally impaired citizens of South Carolina. There were approximately 4,366 pieces of equipment distributed during FY 2003-2004. The Contract expires June 30, 2005, with the option of yearly renewals. The PSC will be responsible for re-bidding this contract under the SC procurement guidelines.

#### **Utilities Department / Pipeline Safety**

**Program Costs:** \$199,217

**Program Goals:** To carry out, support, encourage, develop, and enhance pipeline safety through federal/state pipeline safety programs, and to fulfill all requirements of the Pipeline Safety Program Certification Agreement that the Commission has with the Federal Department of Transportation.

**Program Objectives:** Conduct sufficient on-site inspections of gas and hazardous liquid facilities to determine compliance with state and federal safety regulations. Carry out a cooperative program of assisting jurisdictional system operators to achieve compliance with these regulations. Provide Operator training as necessary. Initiate compliance action and follow up activity as needed. Promote efforts to reduce damage to Operators' underground facilities. Must also meet any other specified requirements in the Federal OPS Annual Certification Agreement Evaluation in order to achieve the highest grade possible (a score of 100 is a perfect score).

**Priority Ranking:**

1. Secure Federal Grant Funding for up to 50% of the Pipeline Safety Program total costs.
2. Conduct on-site inspections of gas pipeline facilities to monitor for compliance with the safety regulations.
3. Take enforcement action, when needed to insure compliance and to protect lives and property from potential harm.
4. Determine if additional Operator training is needed in a particular area and provide information to the Operators, or assist them in obtaining the needed information.
5. Assist jurisdictional operators in achieving compliance with the safety regulations.
6. Conduct investigations of incidents to determine if there are any non-compliances with the regulations that could have contributed to the incident and to prevent the recurrence of incidents.
7. Assist in promulgating new and/or amended safety regulations as needed.
8. Support Best Practices identified in the Common Ground Study from the CGA (Common Ground Alliance) while encouraging the Operators, as well as the general public, to help reduce damage to Operators' underground facilities by observing One-call laws.
9. Act as liaison to mitigate interpretations of Federal and State regulations to the Operators.
10. Work closely with the Palmetto Utility Protection Service to help reduce and even prevent damages to underground Utility facilities in South Carolina.
11. Participate in Committees whose goals are consistent with effective Damage Prevention Practices and whose actions serve to help enhance the efforts of the Pipeline Safety Program in South Carolina.

**Performance Measures****Workload Indicators:**

- A total of 229 days were spent conducting on-site inspections of gas and liquid pipelines and facilities, as well as liquefied gas plants.
- A total of 187 inspections were made of the 120 inspection units with 4 days spent conducting on-site Operator training and 1 days spent on incident investigation.
- The Pipeline Safety Program received a score of 100 on the Annual Certification performed by a representative from OPS's Southern Region Office.
- The Pipeline Safety Staff attended 4 conferences and seminars during the year for personal development as well as Program enhancement (required to have at least one representative in attendance at the Southern Region annual meeting).
- The Pipeline Safety Staff attended 15 various committee meetings (outside Commission).
- The Pipeline Safety Staff attended 5 training classes for individual personal development.

- The Pipeline Safety Staff participated in 16 conference calls with State and Federal Regulators concerning security measures for pipeline facilities and other pertinent issues concerning pending regulation changes and amendments.
- The Chief of Pipeline Safety gave speeches/presentations at 3 meetings.
- Pipeline Safety Staff displayed informational tabletops at 3 seminars/conferences where Gas Operator representatives were attending.
- Pipeline Safety Staff facilitated Semi-annual 3-day Federal/State Pipeline Safety Seminar with approximately 175 Gas Operators, Contractors, Vendors, Service Providers, and State and Federal Regulators attending.

**Outcomes:** The Pipeline Safety inspections revealed 20 non-compliance violations and unsafe conditions. These violations/conditions were reported to the companies and appropriate corrective and preventative actions were taken. The Chief of Pipeline Safety served on the statewide Utility Coordinating Committee. Participation in the National Association of Pipeline Safety Representatives allows our program to communicate and network nationwide; sharing information, interpretation, and actual field experience, all of which relates to relevant pipeline industry and regulatory issues. This participation also enhances our ability to carry out a more effective program.

The Chief of Pipeline Safety serves on the SAT (State Assessment Team), which is a function of the EMD (Emergency Management Division). This team meets and goes to the actual disaster site after a storm, hurricane, flood, etc. Information is gathered concerning general road conditions, food/water/shelter availability, utility damages, medical needs, and other pertinent details regarding general conditions. This information is then relayed back to volunteers and staff at the EMD and made available to the Governor to assist him in making crucial decisions concerning the emergency as quickly and efficiently as possible.

The Chief of Pipeline Safety also serves as one of the two National Association of Pipeline Safety Representatives' members on the Plastic Pipe Database Committee; a committee organized to gather and evaluate data from Pipeline Operators nationwide concerning failures on their plastic piping and fittings. With the help of the Pipeline Safety Staff, every Operator in South Carolina with plastic pipe was encouraged to participate in the information gathering efforts of the committee by agreeing to submit monthly reports.

The Pipeline Safety Program has applied for Base Program Grant Funding for the CY 2004 operating budget. These funds will be reimbursed to the program after the end of the CY at a rate of about 42.5% of actual Program costs. The Pipeline Safety Program also applied for a \$330,000 Damage Prevention Grant, but was not awarded. These funds would be managed by the Chief of Pipeline Safety and Commission Accounting Staff, and utilized by the Palmetto Utility Protection Service, the statewide One Call Notification Center. In addition, the Pipeline Safety Program applied for and was awarded approximately \$4,200 from a One Call Grant to provide promotional items for

distribution during seminars, meetings, and other occasions where these items may promote Utility Damage Prevention. All of the abovementioned grants are provided by the Federal Department of Transportation's Office of Pipeline Safety. This is the Agency whose Southern Region Office in Atlanta, GA, oversees the activities of the Commission's Pipeline Safety Program for compliance with the Federal Certification Agreement through annual review.

## **Consumer Services :**

**Program Costs: \$ 276,633**

**Program Goal:** The Consumer Services Department's goal is to provide customer service to consumers with complaints and inquiries involving the utility and transportation companies regulated by the Commission.

**Program Objectives:** Consumer Services will investigate, mediate and resolve utility and transportation customer complaints and inquiries. All complaints and inquiries will be recorded in the Consumer Tracking System (CTS), investigated and processed in accordance with the Commission's rules, regulations, orders, and guidelines. The department staff will also provide the public with consumer information and education on utility related issues.

### **Priority Ranking:**

1. Provide customer service to consumers with complaints and inquiries involving the utility and transportation companies regulated by the Commission
2. Record, investigate, mediate and resolve utility and transportation customer complaints and inquiries.
3. Perform on-site inspections of the utilities' facilities serving the consumer, conduct water meter tests and witness electric and gas meter tests performed by the utilities.
4. Provide consumer education/outreach services on utility related issues.
5. Conduct regularly scheduled meetings with regulated entities to discuss consumer complaint trends and other consumer related issues.

### **Performance Measures:**

#### **Workload Indicators**

- Recorded and processed 4,796 consumer case files involving customer issues classified as complaints, inquiries, external referrals and non-action.



<b>TOTAL CUSTOMER CASE RECORDS</b> <b>July 1, 2003 – June 30, 2004</b>	
Complaints	3,929
Inquiries	593
External Referrals	183
Non-Action	91
<b>TOTAL</b>	<b>4,796</b>

- Investigated 3,929 complaints and 593 inquiries to gather factual information and make a determination for a resolution, and to provide information regarding utility and transportation industries' services, charges, and customer account billings.

<b>CONSUMER COMPLAINTS AND INQUIRIES</b> <b>July 1, 2003 – June 30, 2004</b>			
<b>INDUSTRY</b>	<b>Complaints</b>	<b>Inquiries</b>	<b>TOTAL</b>
Telecommunications	1,962	228	<b>2,190</b>
Electric	1,621	286	<b>1,907</b>
Gas	199	39	<b>238</b>
Water	56	12	<b>68</b>
Sewer	34	19	<b>53</b>
Transportation	57	6	<b>63</b>
Miscellaneous	0	3	<b>3</b>
<b>TOTAL</b>	<b>3,929</b>	<b>593</b>	<b>4,522</b>

- Recovered \$238,124.48 in credits and refunds for utility customers as a result of staff's investigations.

<b>\$ AMOUNTS RECOVERED IN</b> <b>CONSUMER CREDITS AND REFUNDS</b> <b>July 1, 2003 – June 30, 2004</b>	
Telecommunications	\$ 194,047.21
Electric	\$ 37,267.39
Water	\$ 633.34
Gas	\$ 4,056.54
Sewer	\$ 2,120.00
Transportation	\$ 0.00
<b>TOTAL</b>	<b>\$ 238,124.48</b>

- Received 183 consumer contacts referred externally to local, state, and federal agencies.
- Received from 91 utility customers copies of correspondence directed to the companies requiring no action from commission staff. Staff sent a letter to each consumer to acknowledge receipt of the copied correspondence and to advise the consumer to contact the Commission staff directly for further assistance, if a satisfactory response was not provided by the utility.

<b>EXTERNAL REFERRALS AND NON-ACTION July 1, 2003 – June 30, 2004</b>			
<b>Industry</b>	<b>External Referrals</b>	<b>Non-Action</b>	<b>Total</b>
Telecommunications	121	79	<b>200</b>
Electric	17	8	<b>25</b>
Gas	3	3	<b>6</b>
Water	11	0	<b>11</b>
Sewer	1	0	<b>1</b>
Transportation	3	0	<b>3</b>
Miscellaneous	27	1	<b>28</b>
<b>Total</b>	<b>183</b>	<b>91</b>	<b>274</b>

- Staff conducted seven (7) on site inspections with utility customers at point-of-interest locations to discuss and address complaints, inquiries and disputes.
- Staff conducted twenty-nine (29) meter tests in the investigations for electric, and gas utility customers' complaints.

<b>ON SITE INSPECTIONS</b> <b>July 1, 2003 – June 30, 2004</b>	
Electric	<b>4</b>
Water	<b>1</b>
Gas	<b>1</b>
Telecommunications	<b>1</b>
<b>TOTAL</b>	<b>7</b>

<b>METER TESTS</b> <b>July 1, 2003 – June 30, 2004</b>	
Electric	<b>24</b>
Gas	<b>5</b>
<b>TOTAL</b>	<b>29</b>

- Received 28,779 WATS line (toll free) calls from consumers within South Carolina.
- Logged 22,256 consumer calls referred externally to utility companies or local, municipal, state, and federal agencies.

<b>EXTERNAL REFERRAL CALL LOG</b> <b>July 1, 2003 – June 30, 2004</b>	
AT&T	<b>100</b>
BellSouth	<b>258</b>
S.C. Dept of Consumer Affairs	<b>1,430</b>
CP&L	<b>443</b>
Duke Power	<b>6,591</b>
Electric Cooperatives	<b>163</b>
Federal Communications Commission	<b>463</b>
S. C. Insurance Commission	<b>381</b>
MCI World	<b>23</b>
Piedmont Natural Gas	<b>307</b>
SCE&G	<b>2,041</b>
Social Security Administration	<b>259</b>
Sprint	<b>45</b>
S.C. State Government Information	<b>9,405</b>
Verizon South	<b>200</b>
Water Municipalities	<b>147</b>
<b>TOTAL</b>	<b>22,256</b>

**Outcomes:** As a result of the Consumer Services staff's investigations of complaints and inquiries, \$238,124.48 was recovered for utility and transportation customers in credits and refunds. During the fiscal year July 1, 2003 through June 30, 2004, there were 4,796 consumer case records entered in the CTS which were classified into categories to track and monitor the activities of regulated utilities and its customers. As a result of the efforts of the Consumer Services Department, utility consumers are provided with information necessary to understand their rights and the process for submitting and resolving complaints; consumers are educated about changes in the utility industries and the services they provide; and telecommunications consumers are made aware of service programs available for low-income households. Overall, as a result of the goals and objections of the consumer services department, consumers are provided investigation and mediation services to assist in the resolution of complaints and ensure that the companies are in compliance with of the requirements of the Public Service Commission's rules and regulations.

## **Transportation Department:**

**Program Costs:       \$716,789**

Program Goal: To minimize the unauthorized “for hire” use of motor vehicles on the public highways of this state. To assist all “for hire” motor carriers in bringing their companies into compliance with the laws regulating the hauling “for hire” of passengers, household good and hazardous waste for disposal or any other item or article which falls under the purview of this Commission’s authority. To carry out, support, encourage, develop, and enhance railroad safety through federal/state railroad safety programs.

Program Objectives: To provide the state with a well-regulated and safe transportation system which can provide all needed transportation services at a reasonable cost and operate within the motor vehicle laws and the rules and regulations of this Commission.

Conduct sufficient on-site inspections of railroad facilities to determine compliance with state and federal safety regulations.

### **Priority Ranking:**

1. To accommodate the carriers that contact our agency to apply for authority, seek additional time to comply with all Commission rules and regulations, or to purchase decals.
2. To monitor carrier activity statewide and nationwide.
3. Identify existing needs/requirements of our customers in order to bring them into compliance or maintain compliance status.
4. Assist and advise customers regarding Commission rules and regulations as well as application and decal processes.
5. Perform investigations, issue warnings, citations and warrants, and generally advise carriers of the importance of operating legally.
6. Conduct on-site inspections of railroad facilities to monitor for compliance with the safety regulations.
7. Take enforcement action, when needed to insure compliance.
8. Conduct investigations of accidents to prevent their recurrence.
9. Assist in promulgating new or amended safety regulations when needed

## **Performance Measures:**

### **Workload Indicators**

- 8 authorized positions for law enforcement officers
- 320 inspections of vehicles per month
- 8 inspectors are given a goal of 2 inspections per day worked
- Issues citations, warnings and/or warrants of arrest to carriers found to be operating with no intrastate authority or certificated carriers found to be in violation of Rules and Regulations of the Commission
- Enforcement officers respond to complaints filed by the public and complaints filed by certificated carriers.
- Department staff assists the regulated carriers and the general public with regard to various motor carrier issues.
- Issues certificates of Public Convenience and Necessity and Fit, Willing and Able to intrastate motor carriers after proving that they are fit, willing and able as determined by the Commission.
- Issues license decals for commercial vehicles holding Class A and Class C certificates of Public Convenience and Necessity operating in this state.
- Schedules hearings as needed to address various transportation matters
- Reviews all rates with regard to new applications, tariffs on file for certificated carriers and applications for rate increases to determine if the rates are fair and provide adequate compensation to allow continued service
- Conducts complaint and compliance audits of “for hire” motor carriers As deemed necessary by the Transportation Department
- 1 authorized position for railroad MP&E inspector
- 1 authorized position for railroad track inspector

### **Efficiency Measures:**

- 5798 inspections of vehicles by 8 enforcement officers
- 110 citations/warrants were issued or taken out with assessed fines of \$20,132
- 39 warnings were issued by enforcement officers
- 82 responses to complaints were reported by the department
- 1051 assists to regulated carriers and the general public with regard to various motor carrier issues
- 270 Orders issued
- 262 certificates of Public Convenience and Necessity and/or certificates of Fit, Willing and Able were issued to intrastate carriers of passengers, household goods and hazardous waste for disposal after proving that they are fit, willing and able as determined by the Commission
- License decals issued for commercial vehicles holding Class A and C Certificates of Public Convenience and Necessity operating in this state, producing \$108,233.41 in revenues.
- 20 hearings were held concerning various transportation matters
- 5 rate increase applications handled by the department

- 54 compliance/complaint audits performed on transportation companies
- All complaints were worked satisfactorily within the Commission guidelines during the period
- On-site inspections of 2,113 miles of railroad track and 3,711 pieces of rolling equipment were performed
- 2,127 record inspections were done
- 23 air brake and single car tests were performed
- 127 blue signals inspections were done
- 82 roadway workers inspections were performed

**Outcomes:**

- The Transportation Department found 149 transportation companies to be out of compliance with Commission rules and regulations during this period.
- The Rail Safety inspections revealed 54 railroad violations. These violations were reported to the companies and appropriate corrective actions were taken.

**Audit Department:**

**Program Cost: \$696,645**

**Program Goal:** The Audit Department of the South Carolina Public Service Commission will analyze and review; testify, communicate information; aid and assist the Commissioners, Commission Staff and the public regarding current and evolving regulatory issues which have the potential to impact the public interest of the citizens of South Carolina.

**Program Objectives:** The Audit Department of the South Carolina Public Service Commission will interact with regulated entities and all other stakeholders concerning new and emerging issues that will have an effect on regulation. The Audit Department will also obtain needed additional training and information from outside sources concerning new and emerging technical, accounting and policy issues. In addition, the Audit Department will interact with a greater extent with the Public Service Commission Departments, thereby utilizing more of a team concept among the departments.

**Priority Ranking:**

1. Aid in identification of developing, evolving and current regulatory issues impacting on the citizens of South Carolina. These would include items such as the Universal Service Fund, Interim LEC Fund and Deregulation of the Electric Industry.
2. Provide the Commissioners and Staff with assistance in understanding the impact of regulatory issues that may impact on the citizens of South Carolina.
3. To conduct audits of the books and records of regulated companies, issue reports based on such audits, and sponsor testimony in hearings before the South Carolina Public Service Commission.
4. To collect and gather data needed to compute the Gross Receipts Taxes required to operate the South Carolina Public Service Commission and to interact with the Department of Revenue in the billing and collection of such taxes.
5. To gather and collect financial information on regulated companies in order to complete reports required by the Commissioners, Regulatory Groups, and Utilities and all other parties requesting such information.

**Performance Measures:****Workload Indicators:**

1. Audited regulated companies requesting changes in their rates and tariffs, Reviews of Electric Companies' Fuel Clauses, Gas Companies' PGA, and Compliance Audits of Regulated Companies to determine compliance with rules and regulations of the South Carolina Public Service Commission.
2. Issued reports and testimony in hearings held before the South Carolina Public Service Commission.
3. Developed the Commission ordered Interim LEC and State Universal Service Funds. The Audit Department calculated the liability of the funding companies, developed the billing procedures and managed its implementation by the Administration Department of the Commission, followed up on any and all complaints arising from the Fund, audited all the information furnished by the Local Exchange Carriers and developed a bookkeeping system used by the Administration Department to oversee the Fund.
4. The Audit Department has collected financial information used to develop the Public Service Commission's annual reports.
5. The Audit Department has collected financial information in order to compute gross receipts taxes and has interacted with the Department of Revenue in its billing and collecting of such taxes.
6. The Audit Department has overseen the filing of annual reports by all regulated companies. This would include both Utilities and Transportation Carriers regulated by the South Carolina Public Service Commission.
7. The Audit Department has worked with the Financial Committee of the South Carolina Public Service Commission in the review of all financing agreements filed with the Commission.
8. Participated with other state and federal commissions in the auditing of multi-state utilities.
9. Attended seminars and conferences that have aided the staff members to stay



current with changes in the accounting industry and evolving changes in the regulatory industry.

10. Attended staff conferences in order to help other departments at the South Carolina Public Service Commission in solving problems that arise with regulated companies.
11. Assisted the Legal Department with the issuing of orders arising from rulings of the South Carolina Public Service Commission.
12. Assisted the Legal Department by reviewing the financial statements filed with all requests to perform telecommunications services, such as long distance service.

#### Efficiency Measures:

- ◆ Electric audits, 6 performed, include rate cases and fuel clause audits.
- ◆ Gas audits, 3 performed, include rate cases and purchase gas audits.
- ◆ Telecommunications audits, includes compliance, Local Exchange Carrier Fund, Universal Service Fund, and certificate financial statement audits, 112 performed.
- ◆ Water and Wastewater audits, 7 performed, include rate cases, establishments and abandonment audits.
- ◆ Special audits, 1 performed, allowed costs for Chem Nuclear
- ◆ Special audits, 2 performed, Telephone Equipment Distribution Program audits for payment request, inventory and books and records of program.
- ◆ Special function, perform assistance in administering the Interim LEC Fund, State Universal Service Fund, and the Dual Party Relay Fund.
- ◆ Special audits, Public Service Commission's inventory of assets and reporting in compliance with General Accepted Accounting Standards.
- ◆ Special function, calculate gross receipts tax used to fund PSC budget and administer the collection of annual reports of all regulated companies and the development of reports generated from these annual reports.

Outcomes: No violations of Commission rules or regulations.

### **Research/ Office of Special Assistants:**

#### **Program Costs: \$169,279**

**Program Goal:** The Research Department conducts research; analyzes and reviews emerging issues; testifies in hearings; communicates information internally and externally; and provides assistance to the Commissioners, Commission Staff and the public regarding current and evolving regulatory issues which have the potential to impact the public interest of the citizens of South Carolina. The department also provides assistance to organizations, such as NARUC and SEARUC, addressing national issues of importance to state utility regulatory commissions. A reorganization of the Public Service Commission resulted in the dissolution of the Research Department in January 2004.

**Program Objectives:** Provide policy input to the Commissioners regarding changing and evolving regulations in the electric, telecommunications, and natural gas industries. Interact to a greater extent with regulated entities and other stakeholders concerning emerging issues. Obtain additional training and information from external sources concerning emerging technical and policy issues. Interact to a greater extent with other PSC departments. Electronic interaction with external groups such as NARUC, NRRI, etc. Implement a Personal Computer information system for the Department.

**Priority Ranking:**

1. Identify developing, evolving, and current regulatory issues.
2. Provide the Commissioners and the Staff with information regarding regulatory issues specifically identified by the Commissioners and the Staff in the form of presentations, briefings, and written and oral reports.
3. Assist the Commissioners and the Staff in the review and development of policy regarding specific regulatory issues.
4. Research, evaluate, and provide testimony regarding policy for new and evolving issues that come before the Commission
5. Provide the Commissioners with any assistance requested to address regulatory matters such as participation in regulatory conferences, preparation of speeches, researching specific matters, etc.
6. Communicate with federal congressional delegations and agencies concerning issues important to the Public Service Commission and the State of South Carolina.

**Performance Measures:**

**Workload Indicators**

- 4 speeches prepared
- 1 testimony prepared and presented as expert witness
- 1 SEARUC annual meeting attended
- 2 NARUC national meetings attended
- 2 Nuclear Waste Strategy Coalition meetings attended
- 60 telephone conference calls (NARUC committees, NWSC)
- 1 visit with Office of Management and Budget
- numerous visits to federal legislators to discuss utility-related issues
- numerous letters to US Congress and Agency Secretaries prepared
- 2 quarterly return-on-equity estimates prepared
- 4 utility finance proposal analyzed and presented to Commissioner
- provide daily articles on regulatory issue to Commissioners and staff

The Advisory Staff, now known as the Office of Special Assistants, was formed during 2003. The seven-member team of professionals and support staff advises the Commissioners on the technical, economic, financial, accounting and legal issues involved with dockets, as well as keeps the Commissioners apprised of energy and telecom-related issues and developments on the state, regional and national levels. In today's energy and telecom worlds where some aspects are regulated at the state level, others regulated at the federal level and still others deregulated, it is imperative that the Commissioners keep current on developments outside the state in order to shape changes which may come rather than be overtaken by them. Specific activities of the Special Assistants include:

- Tracking and analyzing proposed energy and utility-related state legislation and regulations and advising Commissioners accordingly.
- Preparing and proposing amendments or changes to state legislation and rules.
- Testifying before state legislative committees.
- Tracking and analyzing federal energy and utility-related legislation and regulation and advising the Commissioners as appropriate.
- Preparing and proposing amendments or changes to federal legislation.
- Communicating with federal legislators and agency heads concerning legislation and regulation as appropriate.
- Preparing agenda for weekly Commission meetings.
- Writing, reviewing and releasing orders and notices.
- Providing legal advice on cases and providing legal and court room advice during hearings.
- Scheduling hearings.
- Reviewing various information sources and providing articles or summaries to Commissioners.
- Meeting personally with Commissioners to discuss issues and agenda items.
- Preparing for Commissioners questions and issues to be addressed during hearings.
- Participating in meetings (in-office and out-of-office) and teleconferences on regulatory, energy, and utility issues.
- Responding to specific requests from Commissioners.
- Participating in industry committees on topics of interest to South Carolina utilities and utility ratepayers.
- Preparing presentations for delivery by Commissioners on utility/energy issues.
- Responding to inquiries from the media and the financial community.

## **Information Systems:**

**Program Costs: \$244,978**

**Program Goal:** The Information Systems Department will provide technically advanced automation capabilities and support services to the Commissioners and all departments of the Commission.

### **Program Objectives:**

- Provide advanced technical consulting to users in the selection, installation and application of computer hardware and software and in the design of data networks, and web sites.
- Evaluate information systems to determine if programming needs are being met, the systems are being used to their capacity, and users are adequately trained in operation procedures.
- Provide software support for the Commission and Staff with the Microsoft Windows operating system and Microsoft Office Suite; and any other authorized software the Commission may utilize.
- Coordinate training sessions so users can become knowledgeable of the software in use. Develop and prepare materials for user training.
- Respond to various requests requiring operator attention and/or intervention on an as needed basis. Provide specifications and instructions so users can operate programs and software in an efficient manner.
- Maintain and evaluate the agency websites for enhancements and work with users to ensure that relevant content is provided on the sites.
- Assess, select and recommend procurement of software and hardware necessary to meet agency needs.
- Prepare and file the Commission's Annual Information Technology Plan.
- Act as Liaison between the Commission and other state agencies, federal agencies, state governments, and corporations in developing database and communication applications necessary for the electronic transfer of data. Supporting staff with accessing of electronic information through other government agencies and related organizations.
- Provide technical support for agency representatives to the S.C. Emergency Preparedness Division's Emergency Support Functions-12 (Energy).
- Analyze, design, test and implement database applications necessary to automate agency departments into fully integrated information technology systems.
- Perform daily backups of servers and user work files.
- Design and assist with preparation of presentations, hand-outs and brochures for the Commission as needed.
- Design and assist with preparation of various forms and templates.

**Priority Ranking:**

1. Provide software and hardware support to the Commission and Staff.
2. Maintain and upgrade software and hardware.
3. Maintain and enhance the Commission's Internet website.
4. Evaluate and enhance information systems for maximum efficiency and use.

**Performance Measures:**Workload Indicators:

- Responded to user support calls on a daily basis.
- Performed daily backups.
- Placed 21 manufacturer hardware warranty support calls.
- Attended 4 conferences and seminars.
- Purchased and installed 81 new desktops to replace outdated equipment.
- Purchased and installed 3 new network servers to improve network performance.
- Purchased and installed a Storage Area Network (SAN) device to increase file storage capacity on the network.
- Updated the Commission's Website with current content as needed.
- Upgraded Veritas Backup Exec to v9.1
- Upgraded Symantec Antivirus Corporate Edition to v8.1
- Upgraded Symantec Mail Security for MS Exchange to v4.5
- Upgraded SurfControl Web Filter to v4.5
- Installed SurfControl Email Filter v4.7
- Upgraded Acrobat Reader to v6.0.

**Outcomes:**

Reliable and high-speed access to information is critical. The system software and hardware upgrades implemented during Fiscal Year 2003-2004, will enable the Commission and Staff to carryout its functions and responsibilities.

**Legal Department:****Program Costs: \$409,104**

**Program Goals:** The Legal Department exists to represent the Commission Staff in proceedings before the Commission, and to defend the Commission's positions and its Orders before the Courts, while providing legal information and assistance to the Commission Staff and other interested persons with regulatory matters.

**Program Objectives:** To provide appropriate consultation to the Commission Staff on all laws and regulations pertaining to the utility and transportation industries. To keep a current knowledge as much as possible of such laws and regulations. To provide representation to the Commission Staff in hearings before the Commission. To provide representation of the Commission's positions before all State and Federal Courts.

**Priority Ranking:**

1. Provide representation of Staff before the Commission in Commission hearings.
2. Provide representation of the Commission in Court proceedings.
3. Advise Commission Staff on current legal issues.
4. Keep a current knowledge of the law in the area.

**Performance Measures:****Workload Indicators**

- Participated in 112 hearings and observed 62 Commission meetings before the Public Service Commission.
- Presently defending the Commission's position in 28 cases in State and Federal Courts.
- Engaged in daily multiple conversations and e-mail on a variety of regulatory topics with Commission Staff members and the public and render a multiplicity of daily legal opinions on same.
- Developed further regulations for the Transportation Department and the Utilities Department.

**Outcomes:** The Legal Department continued to play a major role in Commission hearings, through the presentation of Commission Staff witnesses. In addition, representation of the Commission's positions in various Court proceedings remained an important role for the Department. The Department also is a source of information to the public on the Commission's procedures.

**Human Resource Focus:**

Training activities are directly related to agencies' goals and objectives and that training includes a variety of activities: such as formal classes, professional seminars and conferences, and self-study. Our work is accomplished through the cumulative effort of our employees, so investment in our people is wise and necessary. We commit to continuous lifelong learning to develop our skills and abilities toward on-the-job application and creation of an excellent workplace. We encourage and support each individual in developing to the full extent his or her ambition, commitment, and ability to meet current and future agency needs. The primary goal is to provide training in areas where deficiencies exist in order to improve job performance and to develop skills to meet future agency needs. An individual employee's role is paramount in identifying training needs and appropriate opportunities. Individuals identify and assess personal development needs; consult with supervisors about development plans and needs; help identify opportunities; and negotiate plans annually. Supervisors are responsible for effective resource development and utilization. A formal comprehensive new employee orientation program is presented on the first day of work.

The employee performance management system by design increases the overall efficiency of the Commission by helping each employee improve his/her own performance. The EPMS assist management in assigning work and delegating responsibilities based on a mutual understanding of the employee's skills and abilities.

Managers initially meet with employees to discuss the position description and how it relates to the employee's job duties/objectives for the upcoming year.

A physical facility and ADA audit has been completed. A system exists to monitor the safety program, to correct deficiencies and ensure that all policies are followed. Safety and health policies and procedures are communicated to all employees.

### **Process Management:**

Most of the processes utilized by the Commission are dictated by statute or regulation. Whenever a party desires a hearing before the Commissioners, the party must file a formal application requesting a hearing. The Legal Department reviews the application to ensure that it complies with all legal requirements. Once the Legal Department accepts the application, the application is brought before Commissioners at the Commissioners' Meeting for approval to begin the notification process. The application must be noticed in newspapers in the affected areas, dates are set for intervention, dates are set for the filing of testimony, and a hearing date is set. Discovery, information requests, and interrogatories follow the procedures set forth in the Code of Laws of South Carolina. A hearing before the Commissioners is held, and a court reporter transcribes the proceeding. Parties generally file legal briefs or proposed orders shortly after the hearing transcripts are released to the parties. The Commissioners will render their decision at a Commissioners' Meeting, and the Legal Department will write an Order. Any party to the hearing can ask the Commissioners to reconsider their decision and can appeal the decision to the Appellate Court. This process most often applies to our jurisdictional utilities.

Customer complaints generally begin with a call or letter to the Consumer Services Department. Once a complaint is received by the Consumer Services Department, a complaint form is completed and a representative is assigned to the case. The representative contacts both the complainant and the company against which the complaint is filed to gather information. The representative then makes a finding based on the Commission's rules and regulations. If either the complainant or the company is not satisfied with the representative's finding, the representative often tries to get the complainant and the company together to mediate a resolution. If either the complainant or the company asks for a hearing, the process is basically the same as described above. Audits are performed under auditing guidelines. The audits performed by the Audit Department require strict adherence to auditing standards. Audits performed by the Utilities Department are not as strict or formalized, but tend to follow basic standard procedures.

The inspectors follow both State and Federal standards for performing inspections. Not only are the items to be inspected specified, but the number of inspections is specified also. Pipeline inspectors must attend the Transportation Safety Institute in Oklahoma to become certified. The Office of Pipeline Safety reviews the Commission's pipeline safety program annually. Railroad inspectors must be certified by the Federal Railroad Administration. The railroad inspectors must also complete annual training to maintain their certification. All household goods inspectors must attend the Criminal Justice Academy to become certified. These inspectors must attend annual classes on topics such as domestic violence and receive annual certification in firearms to

retain their certification as inspectors. All of the inspectors follow standardized procedures developed by the federal and state agencies and this Commission.

All of the processes utilized by Commission employees must be carefully followed.

Failure to adhere to the processes can result in Commission decisions and actions being overturned by the Appellate Court. Decisions or actions that may be overturned for failure to follow procedures could place the public or a company at risk for safety concerns or for some financial liability. To ensure strict adherence to rules, regulations, and procedures, documentation through a paper or electronic trail is required.

## **Results:**

As a regulatory agency, it is very difficult to measure the level of customer satisfaction. The Commission's statutory mandate is to balance the interests of the companies over which we have jurisdiction and the ratepayers. Currently, our Legal Department is defending 28 Orders in State and Federal courts compared to 40 in FY 2002-2003, 41 in FY 2001-2002 and 25 orders FY 1999-2000.

Each department has specific responsibilities that contribute to meeting the overall mission of the Public Service Commission. Some departments have a limited number of quantifiable performance measures. Performance measures for specific departments are shown in the following tables.

The Consumer Services and Transportation Department Staff of The Public Service Commission will receive consumer complaints, inquiries concerning the utility and transportation companies regulated by the Commission. The ability of the department employees to respond to walk-in and telephone solicitation is an integral part of our daily activities. In FY 2003-2004, the Consumer Services Staff recovered for consumers \$238,124 in credits and refunds through its investigation of 3,929 complaints. In addition, the staff received and processed and recorded in the CTS 593 inquiry investigations; ninety-one (91) letters of correspondence addressed to the regulated utility companies and copied to the PSC; 183 consumer contacts referred to external entities. The phone records for the department indicate that there were 28,779 WATS line (toll free) calls received from consumers within the state; and staff's manual log records indicate that there were 22,256 consumer calls received and referred to utility companies or local, municipal, state, and federal agencies. In response to consumer complaints and inquiries, the department staff conducted twenty-nine (29) meter tests and seven (7) on-site inspections of the utilities facilities serving consumers.

## **Outcomes:**

<u>Consumer Services Department</u>	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Calls Received	29,134	37,674	33,146	33,779	28,779
Complaints/Inquiries	4,168	4,798	3,321	3,571	3,929
Credits/Refunds	\$366,388	\$256,966	\$239,201	\$417,386	238,124



The Commission seeks to insure that all regulated entities' services to consumers comply with all legal requirements subject to the Commission's jurisdiction.

<u>Utilities Department</u>	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Compliance Audits	493	481	403	401	347
Non-Compliances	82	43	50	61	25

<u>Transportation Department</u>	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Inspections	4,499	9,406	5,707	5,233	5,798
Citations/Violations	113	137	72	112	110
Assessed Fines	\$27,265	\$30,908	\$15,192	\$20,422	\$20,132

We would like to see the number of complaints processed decline. However, as the utility industry becomes more competitive and complex, the number of complaints is likely to increase.

The Commission's total expenditures increased from approximately \$6.3 million for fiscal year 2002-2003 to approximately \$6.9 million for fiscal year 2003-2004. The number of Full-Time Equivalents (FTE's) remained the same at 88 with nine (9) positions vacant at June 30, 2004.